

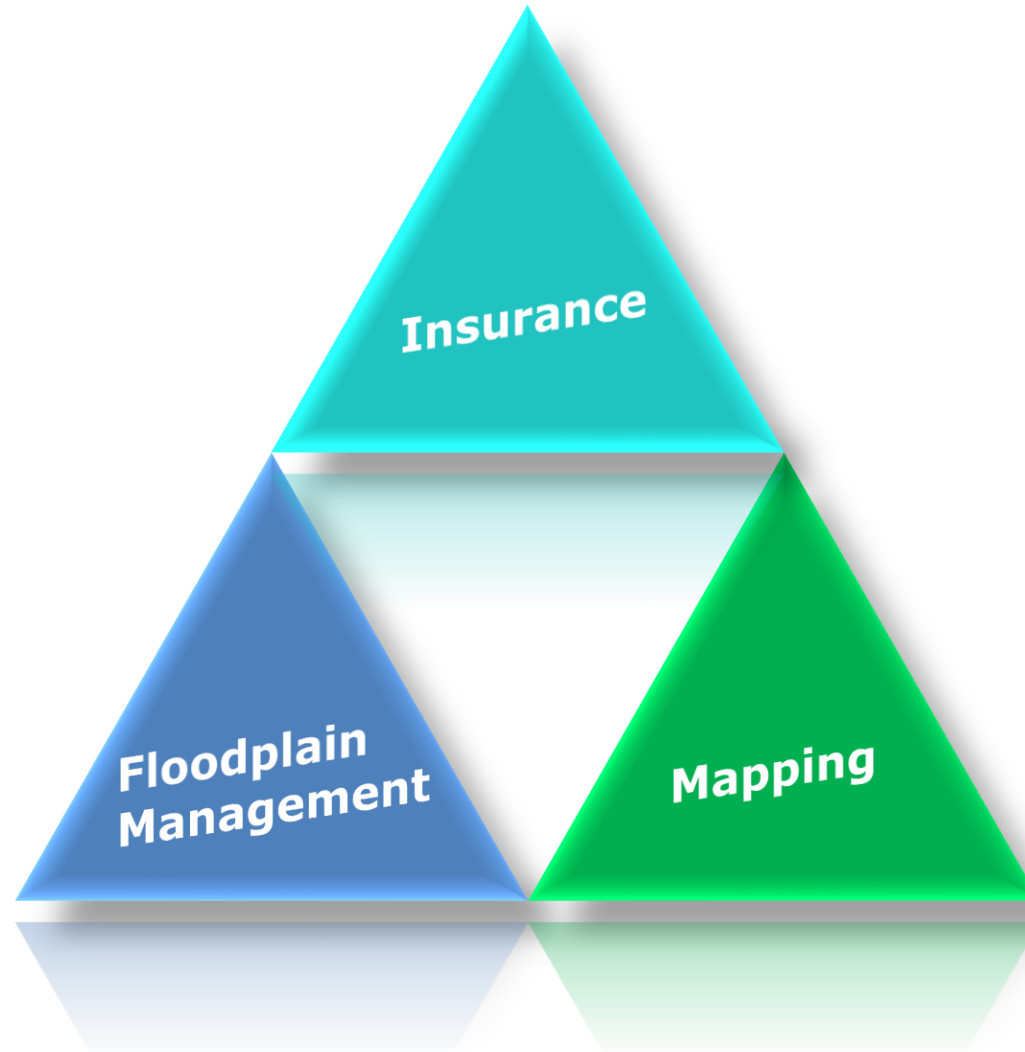
National Flood Insurance Program Floodplain Management and Insurance

**Fording Flood Waters
July 30, 2019**



FEMA

National Flood Insurance Program



FEMA

NFIP Participation

- Participation is voluntary.
- The community must adopt and enforce floodplain management standards that meet or exceed the minimum flood plain management requirements of the NFIP.
- The community must utilize the data shown on the FIRM and in the FIS or something more restrictive as the basis of where the floodplain management standards apply.

Floodplain Management Standards

- Permit all development in the Special Flood Hazard Areas (SFHA) as shown on the FIRM and based on the data in the FIS.
- New or Substantially improved or damaged Structures built with the lowest floor (including basement or crawlspace) above BFE.
- No Obstruction of floodways or stream channels that increase flood stages.

Consequences of Not Participating

- Flood Insurance is not available.
- Mortgages in the mapped SFHA which are secured by some form of federal backing (FHA, SBA, VA, etc.) will not be available.
- Certain forms of federal grants including certain disaster grants will not be available or limited.

Participation Stats

State	Mapped Communities with SFHA	Sanctioned	Participating with SFHA	Percentage
Illinois	921	121	800	87%
Indiana	480	74	406	85%
Michigan	1070	158	912	85%
Minnesota	610	91	519	85%
Ohio	817	100	717	88%
Wisconsin	595	62	533	90%
Regional Total	4493	606	3887	87%

Community Rating System (CRS)

- Incentive program to encourage more comprehensive floodplain management program.
- Requires a community be fully compliant with minimum NFIP standards.
- Awards points for various activities which then equate to insurance premium reductions.



Insurance

NFIP Flood Insurance

- Provides a Property and Casualty Insurance product to any property owner in an participating community
- Covers a single peril: FLOOD



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Definition of a Flood

A general & temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:

- Overflow of inland or tidal waters
- Unusual & rapid accumulation or runoff of surface waters from any source
- Mudflow





Insurance

NFIP Flood Insurance

Can be purchased for:

- **a building under construction;**
- **a finished structure, and/or**
- **contents inside an eligible building**

Must be in NFIP Participating Community



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Access to the NFIP

Write Your Own (WYO)

- Private participating insurance carriers
- Issues NFIP policies in their own names

NFIP Direct

- Federal Contractor
- Issues NFIP policies directly through FEMA

NOTE: Insurance agents sell and service policies through both and all underwriting rules and requirements are the same.

Policy Waiting Period

- All policies subject to a 30-day waiting period
- Exceptions
 - No Waiting Period
 - Initial purchase of coverage is made in connection with the making, increasing, renewal, or extension of a loan
 - Flooding caused by post-wildfire conditions on federal lands
 - One-Day Waiting Period
 - Initial purchase of coverage is made within the 12-month period following the effective date of a revised flood map

Coverage Limits

USE	Building	Contents
1-4 Family Dwelling Residential	\$250,000	\$100,000
5+ Family Dwelling Residential (includes other residential buildings such as cooperatives, apartments, hotels, etc.)	\$500,000	\$100,000
Non-Residential	\$500,000	\$500,000
Condo Buildings	\$250,000 x # of units	\$100,000

Deductibles:

- Separate deductibles for both building and contents
- Minimum deductibles with higher deductible options

Insurance

Coverage Limitations

Basements and enclosures beneath the lowest floor – limited coverage.



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Insurance

Increased Cost of Compliance (ICC)

- Provides up to an additional \$30K for substantially damaged structures.
- Can be used to:
 - Elevate
 - Floodproof (non-residential)
 - Relocate
 - Demolish



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ICC Before and After



FEN



Insurance

Flood Insurance Policy Numbers

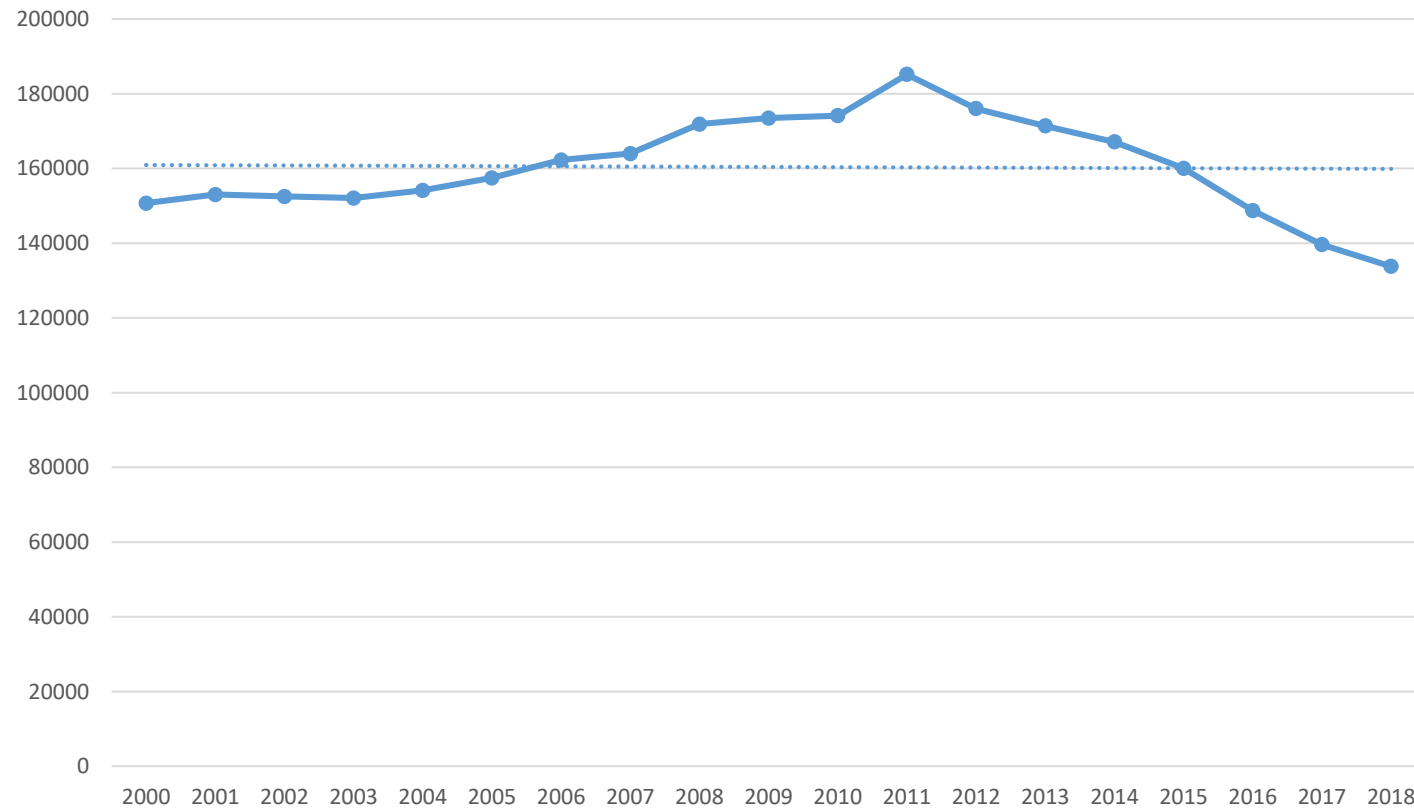
State	Policies In Force	Coverage
Illinois	39491	\$7,988,105,800.00
Indiana	21780	\$4,340,687,052.00
Michigan	20200	\$3,855,985,600.00
Minnesota	8682	\$2,115,836,300.00
Ohio	31231	\$5,917,848,200.00
Wisconsin	12412	\$2,478,762,200.00
Region Total	133796	\$26,697,225,152.00



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Insurance

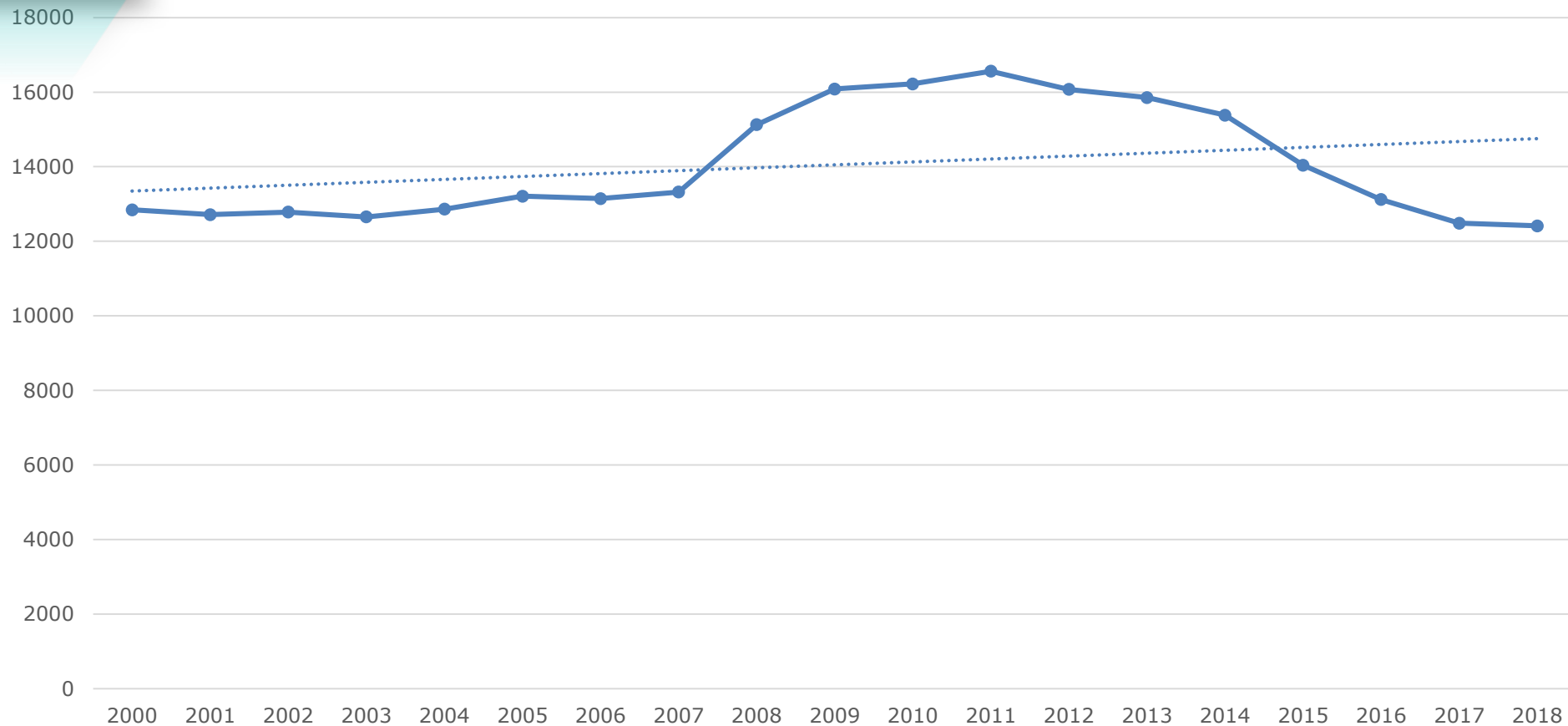
Flood Insurance Policy Trends Region V



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Insurance

Wisconsin Flood Insurance Policy Trends



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Policyholder Duties After a Loss

- Prompt Written Notice to Insurer
- Separate and Inventory Property
- Cooperate with Adjuster and Insurer
- Proof of Loss (POL)
 - Sworn statement of amounts owed with supporting documentation
 - Due within 60 days of flood loss, unless extended
 - Prepared by independent adjuster as a courtesy
 - Multiple POL's allowed, but only one claim

Options After Denial

- **Write Your Own (WYO) Bulletin W-17013: Policyholder Rights and Denial Letter Requirements**
 - <https://nfipservices.floodsmart.gov/sites/default/files/w-17013a.pdf>
 - Loss payable within 60 days after receiving POL
- Options
 - Accept Denial
 - File Amended POL
 - Appeal
 - Appraisal
 - Lawsuit

Appeal

- Elements
 - Copy of denial letter
 - Written basis for the appeal
 - Any supporting documentation
- Filing
 - Submit within 60 days of the date of the denial letter via mail or email
 - Include a letter of representation that comports with the DHS regulations implementing the Privacy Act of 1974, if applicable
 - See <https://www.fema.gov/flood-claim-appeals-and-guidance>



Insurance

Appeal Do's and Don'ts

- **DO**
 - Verify denial. No denial=no appeal
 - Submit supporting documentation
 - Continue to cooperate with insurer, any documentation submitted to FEMA should have already been shared with the insurer
- **DON'T**
 - Use state insurance law
 - Expect adversarial process
 - Miss statute of limitations for lawsuit, one year after the date of denial



Insurance

Office of the Flood Insurance Advocate

The OFIA advocates for the fair treatment of policyholders and property owners by providing education and guidance on all aspects of the NFIP. The OFIA assists **frustrated and confused policyholders and property owners** affected by the NFIP.



Provide assistance to individual policyholders and property owners, especially in the most complex of cases.



Identify trends and issues that appear to be impacting a broad range of FIMA's customers.



Make recommendations to FIMA and FEMA leadership intended to address the issues faced by customers and support programmatic improvements.



FEMA

Risk Rating 2.0



Make rates simpler and more transparent



Reflect more types of flood risk



Reflect the cost to rebuild



Insurance

Why Flood Insurance?

- Homeowners insurance does not cover flooding.
- Claims are paid regardless of disaster declaration.
- No payback requirement.
- Even with disaster declarations individuals with flood insurance tend to recovery quicker and without as great a financial loss.



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Resources

- The Disaster Assistance Improvement Program provides disaster survivors with information, support, services, and a means to access and apply for disaster assistance.
 - <https://www.disasterassistance.gov/>
- FEMA's official website
 - <https://www.fema.gov/>
- FloodSmart.gov, official website of the National Flood Insurance Program (NFIP)
 - <https://www.floodsmart.gov/>
- Office of Flood Insurance Advocate, independent advocate for policyholders
 - <https://www.fema.gov/national-flood-insurance-program-flood-insurance-advocate>.
- NFIP Call Center
 - toll-free, 1-800-427-4661
 - <https://www.fema.gov/national-flood-insurance-program-technical-support-hotline>
- Ask the Expert
 - <https://www.fema.gov/ask-expert>
- Emergency Management Institute Independent Study Courses
 - <https://training.fema.gov/is/searchis.aspx?search=Flood>



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